

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

July 5, 2006

TO: Internal File

THRU: Wayne Hedberg, Permit Supervisor, Task Manager *WH*
Peter H. Hess, Environmental Scientist/Engineering, Team Lead

FROM: Wayne H. Western, Environmental Scientist/Engineering, Bonding *WHW*

RE: 2005 Midterm Permit Review, Canyon Fuel Company, LLC., Dugout Canyon Mine, C/007/0039, Task ID #2528

SUMMARY:

The Division reviewed the reclamation bond as part of the midterm review. Since the Division initially reviewed the reclamation bond, the Permittee modified the reclamation cost estimate for other amendments. This review covers only the bonding issues for the midterm.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

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Analysis:

Determination of Bond Amount

The Permittee met the requirements of this section of the TA by posting adequate bond. The current bond amount is \$3,300,000. The reclamation cost estimate in 2010 dollars is \$2,940,000. Therefore, the bond is adequate to insure that the Division can reclaim the site in the event of bond forfeiture.

Findings:

The Permittee met the bonding requirements for the midterm by having adequate bond to ensure that reclamation could be completed by the Division in the event of bond forfeiture.

RECOMMENDATIONS:

The Division should approve the midterm review.